



OFFICE OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

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MARCH 1998

MARCH HIGHLIGHTS

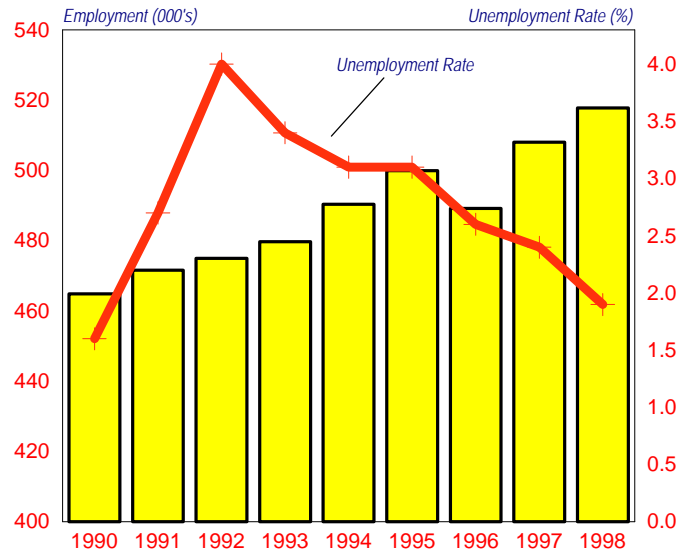
- ❑ This issue contains a special section summarizing economic performance in 1997.
- ❑ The County's post-holiday unemployment rate rose slightly to 1.9 percent in January, according to data reported by the Virginia Employment Commission.
- ❑ Although the number of telephone lines in the County maintained by Bell Atlantic continues to grow at a strong rate, there is evidence that the pace is beginning to moderate as somewhat smaller increases are being registered in the business component.
- ❑ January post-holiday retail sales were uneven throughout Northern Virginia, ranging from an increase of 11.7 percent in Loudoun County to a decline of 3.9 percent in Prince William County.
- ❑ January retail sales on the national level increased moderately, posting an increase of 3.6 percent relative to last year.
- ❑ In January, the volume of existing homes sold increased significantly, while the median selling prices of existing homes sold in the County declined slightly from the levels registered in 1997.
- ❑ Consistent with recent trends, the volume of new single family and condominium sales in the County in January underperformed that of last year, but increases were registered in the volume of new townhomes sold. In addition, there have been modest increases in the median selling prices of both new single family and new townhomes.
- ❑ The Fairfax County Coincident and Leading Indices both advanced in January. Greater volatility in the Leading Index, however, suggests that future economic performance may be uneven.

The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



RESIDENTIAL EMPLOYMENT- JANUARY



Source: Virginia Employment Commission
Compiled by the Fairfax County Office of Management and Budget

County's unemployment rate rises slightly...

The County's unemployment rate rose slightly in January, increasing 0.2 percentage points to 1.9 percent, according to the Virginia Employment

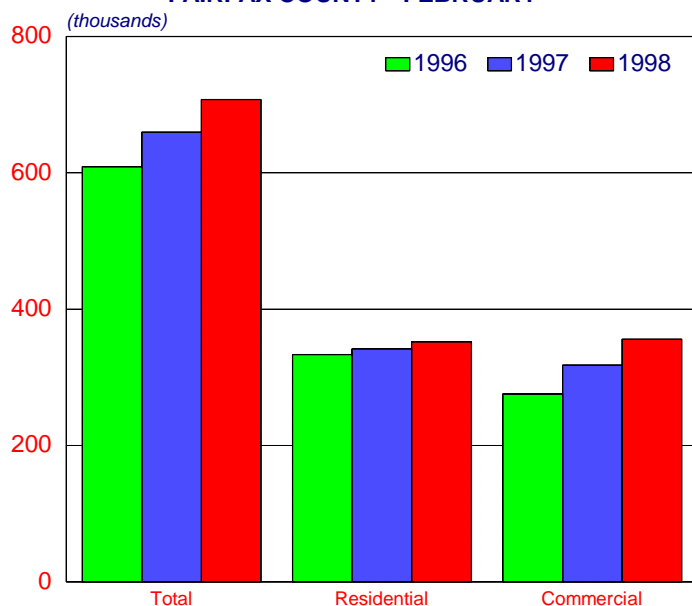
Commission (VEC), due mostly to the elimination of seasonal holiday employment. This unemployment rate is consistent with that of November 1997, prior to the holiday season. Once again, January's rate is significantly below that of one year ago, when the unemployment rate was 2.4 percent, indicating the strength of the local job market.



Unemployment rate on State level increased slightly while it remained unchanged on the national level...

The Commonwealth's unemployment rate also increased in January, rising 0.6 points to 3.7 percent. The national unemployment rate, however, remained constant at 4.7 percent in January, according to the Bureau of Labor Statistics. An unemployment rate of 4.7 percent on the national level is quite low and reflects the strength of the current labor market. Many economists point to the sustained low unemployment rate as a potential constraining factor on future economic growth as the productivity of companies, particularly in the high tech industry, is limited due to the many positions that cannot be filled. According to a recent article in the *Washington Post*, the shortage of labor is so severe that some firms sent recruiters to popular Spring Break destinations to interview graduating college students.

BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - FEBRUARY



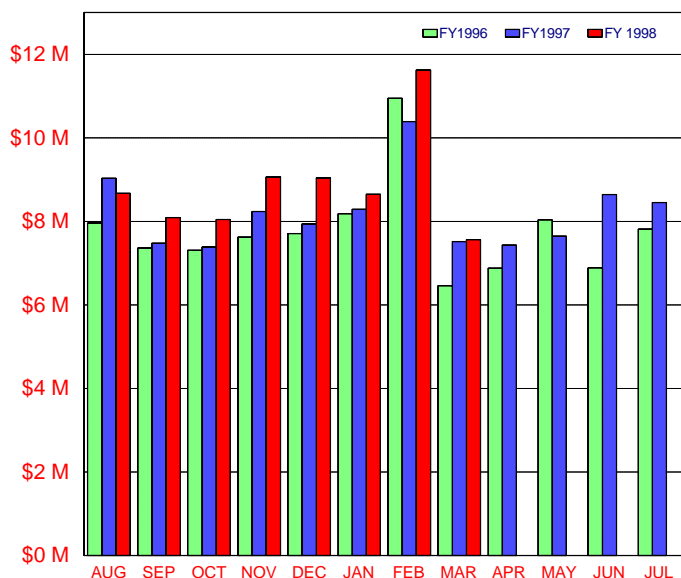
Source: Bell Atlantic
Compiled by the Fairfax County Office of Management and Budget

Continued moderation in the growth of telephone lines...

As of February 28, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 707,638 telephone lines, up 7.3 percent, or 47,824 lines, over February 1997. Although this increase is still rather strong, there is continuing evidence that growth has begun to moderate due to somewhat smaller increases in the business component. For example, as of February, the business sector added 37,928 telephone lines in the past 12 months, indicating a growth rate of 11.9 percent. Although still significant, the February growth is the lowest rate of growth since early 1996. In February, 355,702 business telephone lines were registered in Fairfax County. Residential telephone lines totaled 351,936 in February, 2.9 percent, or 9,896 more lines than February 1997.

SALES TAX REVENUES

(revenues represent retail sales two months prior)

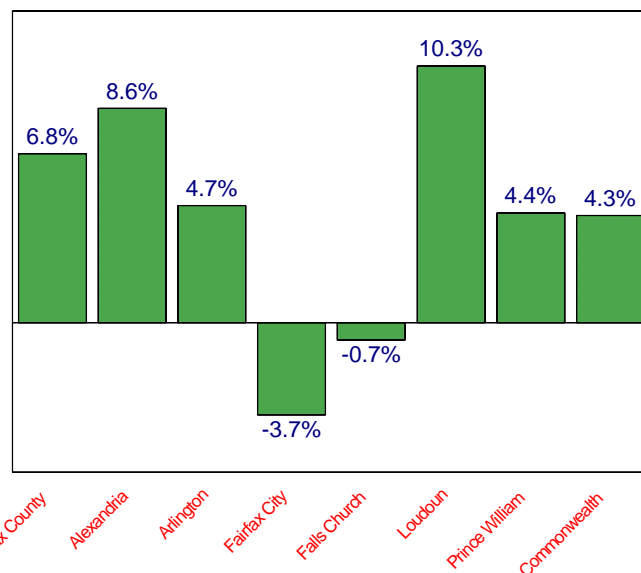


Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

January sales in the County increased slightly...

Fairfax County's March Sales Tax receipts, representing retail purchases made in January, were \$7.6 million, up a slight 0.6 percent over the same period last year. To date, FY 1998 Sales Tax receipts total \$70.7 million and lead the prior fiscal year by a 6.8 percent margin.

FY 1998 SALES TAX RECEIPTS - THROUGH MARCH



Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

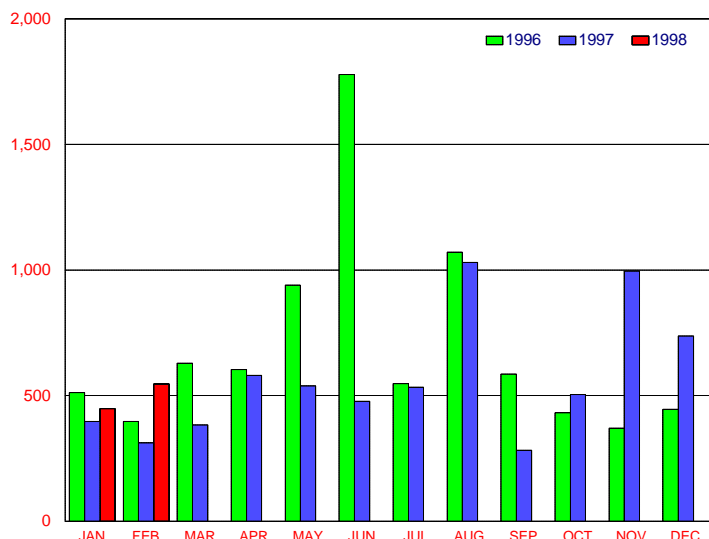
January retail performance continues to be uneven throughout Northern Virginia...

January retail performance throughout Northern Virginia, as indicated by March Sales Tax receipts, was once again very uneven. Relative to last year, sales of taxable retail goods in January ranged from an increase 11.7 percent in Loudoun County to a decline of 3.9 percent in Prince William County. Through March, FY 1998 Sales Tax collections are up 10.3 percent in Loudoun County, 8.6 percent in Alexandria, 4.7 percent in Arlington, and 4.4 percent in Prince William County. Cumulative fiscal year Sales Tax receipts in Falls Church and Fairfax City now trail FY 1997 by 0.7 percent and 3.7 percent, respectively, showing a slight improvement from last month due to the gains posted in March Sales Tax receipts. The Commonwealth experienced a 2.8 percent increase in total Sales Tax receipts in March, and leads FY 1997 by 4.3 percent.

National retail sales increase 3.6 percent in January...

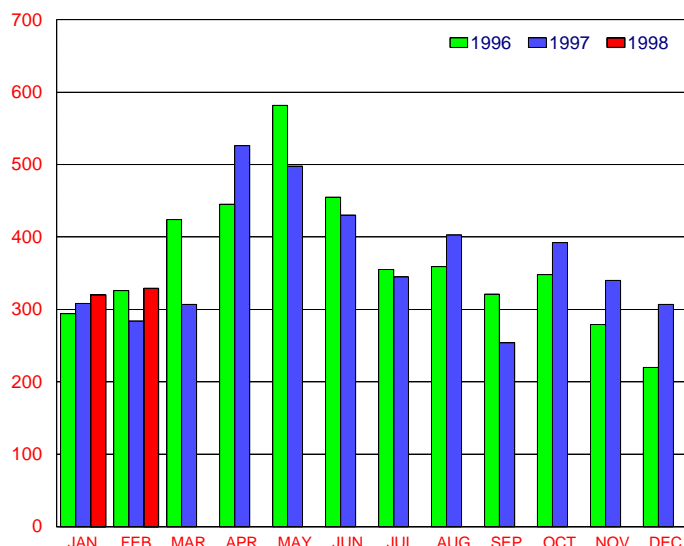
January retail sales on the national level, according to the Commerce Department, increased 3.6 percent over January 1997, with durable goods sales posting a 5.4 percent advance and nondurable goods sales gaining a more moderate 2.5 percent, relative to last year.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS

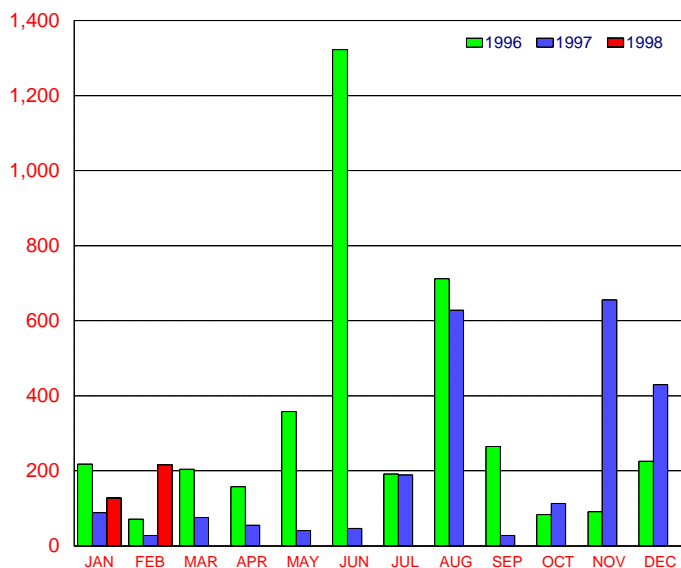


Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

The number of residential permits issued continues to increase...

February represents the fifth consecutive month that issues of new residential dwelling permits surpassed that of last year. This positive trend follows a nine month negative trend. To date, 994 permits have been issued by the County. This level reflects an increase of 40.2 percent, or 285 permits, over the 1997 total through February of 709 permits. Permit issues for multifamily structures totaled 345 through February, up a significant 194.9 percent, or 228 permits, while permit issues for single family structures are up a more moderate 9.6 percent, or 57 permits, to 649, relative to last year.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

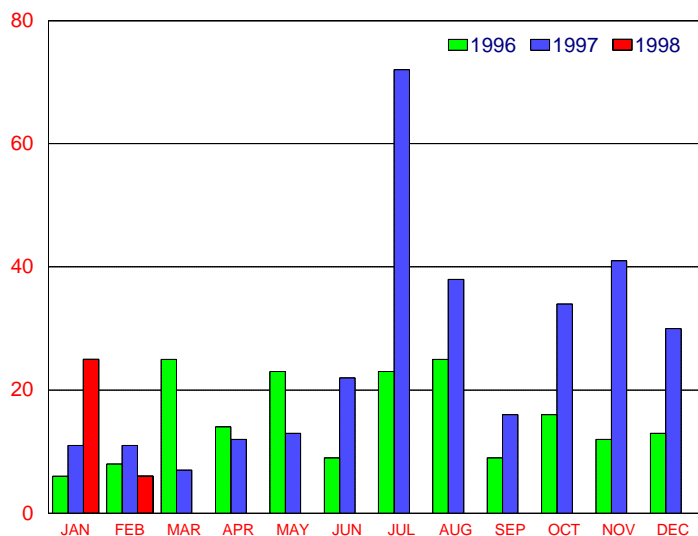
Housing starts on national level top prior year by 9.0 percent...

Through February 1998, new privately-owned housing starts on the national level were up 9.0 percent relative to 1997, according to the Commerce Department. More specifically, housing starts were up 17.7 percent in the Northeast, 16.8 percent in the Midwest, 8.3 percent in the South, and 3.7 percent in the West.

The number of residential building permits issued nationwide continues to increase...

The Commerce Department also reported that the number of residential building permits issued nationwide through February 1998 topped that of 1997 by a 9.7 percent margin. On a regional basis, residential building permits issues were up 14.4 percent in the Midwest, 9.0 percent in the Northeast, 8.8 percent in the South, and 8.7 percent in the West.

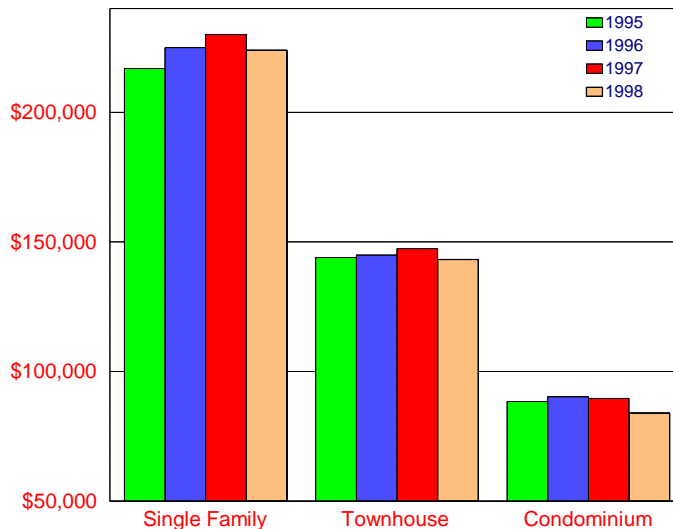
NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY 1998 COMPARED TO ANNUAL MEDIAN PRICES 1995 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

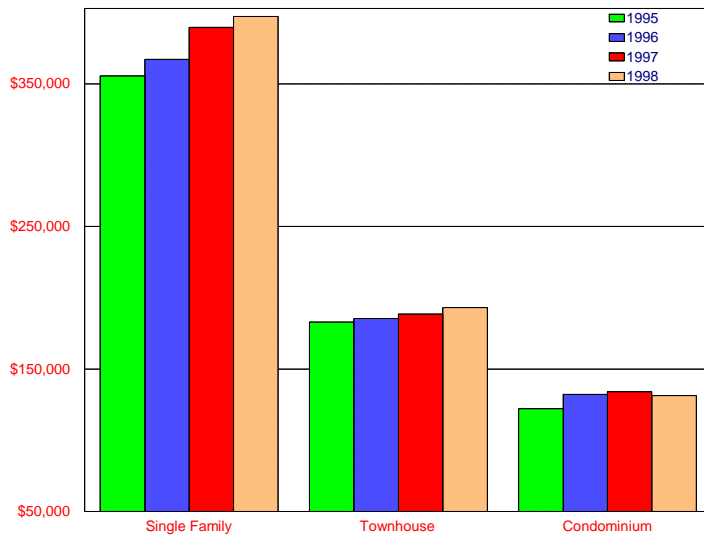
First decline in the number of nonresidential permits issued in nine months...

For the first time in nine months, a decline was experienced in the number of nonresidential building permits issued. The six permits issued in February represent a decline of 45.5 percent, or five permits, from February 1997. Despite February's decline, the 31 permits issued through February 1998 represent an increase of 40.9 percent, or 9 permits, over 1997. Issues of nonresidential repair and alteration permits through February 1998 reflect a decrease of 3.1 percent, or 19 permits, from the prior year.

Median selling prices for all types of existing homes decline slightly...

Based on sales data in January, the median selling prices of existing homes in the County are down slightly from the levels established throughout calendar year 1997. Please note these data reflect only one month of sales and are subject to revision as staff verifies the transactions. More specifically, the median selling price of existing single family homes in 1998 is \$224,000, down 2.6 percent from 1997's final median price of \$230,000. Similarly, a median selling price of \$143,250 was registered for existing townhomes in January, down 2.9 percent from the \$147,500 established in 1997. Existing condominium sales in January 1998 reflect a decline of 6.3 percent in the median selling price to \$84,000 from 1997's \$89,625.

**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY 1998 COMPARED TO
ANNUAL MEDIAN PRICES 1995 - 1997**



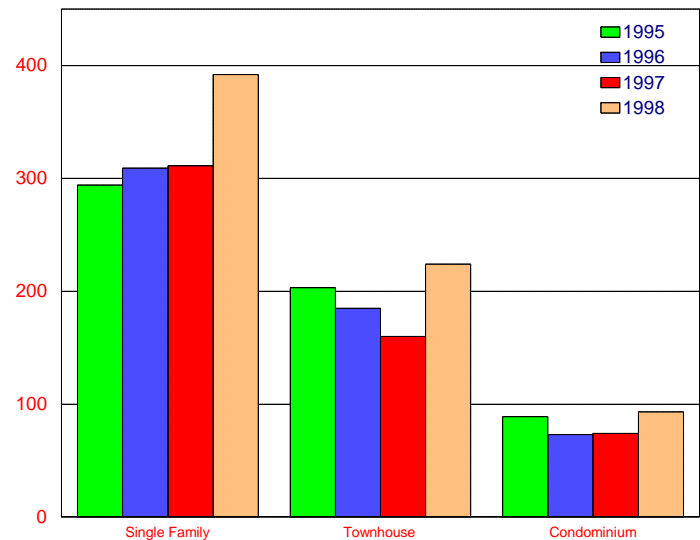
Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

Modest increases in the median selling prices of new single family and townhomes...

Sales data in January indicate modest increases in the median selling prices of new single family homes and townhomes in the County. The median selling price of new

single family homes increased 2.0 percent in January to \$397,403 over the \$389,747 registered in 1997. Similarly, new townhomes sold for a median price of \$193,113 in January, up 2.5 percent over the FY 1997 level of \$188,481. By contrast, new condominiums sold for a median price of \$131,250 in January, a decrease of 2.1 percent from the \$134,038 established in 1997.

**NUMBER OF EXISTING HOMES SOLD
JANUARY 1995 - 1998**



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

Sales volume of existing homes up in January...

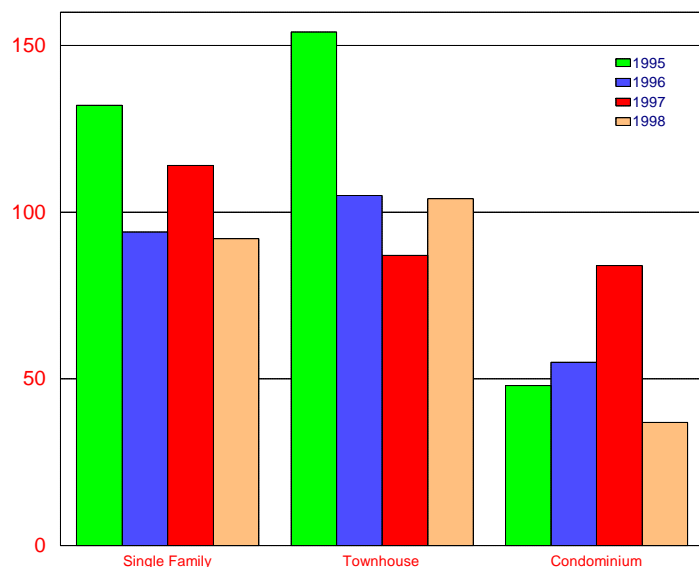
In January, the sales volume of existing homes in the County significantly surpassed that of last year. More specifically, in January, 392 existing single family homes were sold, up 26.1 percent, or 81 homes, over the level registered in January 1997. Sales of existing townhomes totaled 224 units in January 1998, up 40.0 percent, or 64 homes, over January 1997. In addition, 93 condominiums were sold in January, an increase of 25.7 percent, or 19 homes, over the level registered in January 1997.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
1998 COMPARED TO 1997**

	Existing Sales	New Sales
Single Family	-2.6	2.0
Townhouse	-2.9	2.5
Condominium	-6.3	-2.1

Source: Department of Tax Administration
Compiled by the Office of Management and Budget

NUMBER OF NEW HOMES SOLD JANUARY 1995 - 1998



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

Sales volume of new single family homes and condominiums down...

In contrast to the existing home market, the sales volumes of new condominiums and single family homes in the County were down significantly in January 1998. Condominium sales totaled 37 in January, down 56.0 percent, or 47 units, from January 1997. The 92 new single family homes sold through this period reflect a decline of 19.3 percent, or 22 units, relative to 1997. On a positive note, new townhome sales increased significantly in January, with total sales of 104, a 19.5 percent, or 17 unit, increase above last January.

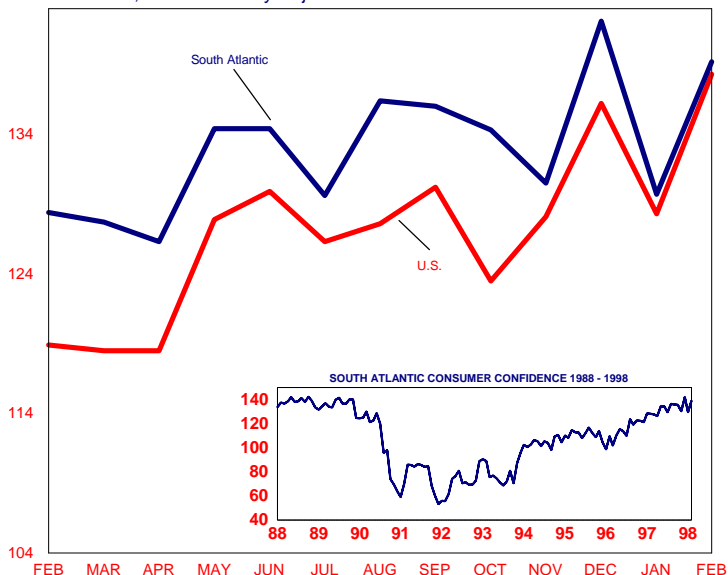
Sales of new homes increased nationwide in January...

On the national level, sales of new homes in January outpaced January 1997 by 9.8 percent, according to the Commerce Department. More specifically, new home sales were up 22.2 percent in the Midwest, 26.7 percent in the West, and 10.3 percent in the South. In contrast, however, sales were down 28.6 percent in January in the Northeast, relative to January 1997.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES

1985=100, Not Seasonally Adjusted



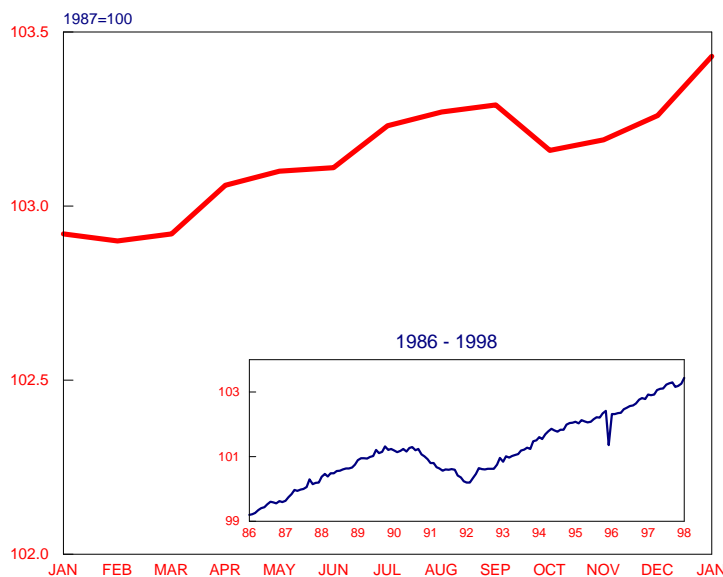
Source: Conference Board
Compiled by the Fairfax County Office of Management and Budget

February nearly regains January's losses in Consumer Confidence Index...

January's decline in the Conference Board's South Atlantic Consumer Confidence Index was nearly regained in February as the Index jumped 9.5 points to 139.2. Similarly, the national Consumer Confidence Index increased 10.0 points to 138.3, after decreasing 7.9 points in January. In fact, the national Consumer Confidence Index hit a 30-year high in February, indicating renewed confidence and optimism according to analysts at the Conference Board.

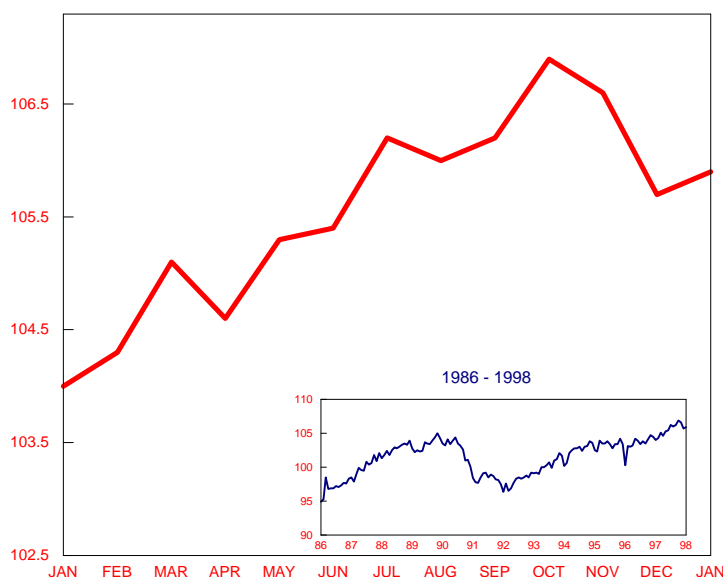
The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Dr. Stephen Fuller
Fairfax County Office of Management and Budget

METROPOLITAN COINCIDENT INDEX



Source: Economic Reporter Online
Compiled by the Fairfax County Office of Management and Budget

County's economy continues to be strong...

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased 0.17 points to 103.43 in January, continuing the positive trend that has dominated the last three months. As of January 1998, the Coincident Index was at its highest level, with three of the Index's four components making positive contributions. Total employment, adjusted for seasonal variation, posted an increase for the tenth time in 12 months; Transient Occupancy Tax collections increased for the third straight month; and, Sales Tax receipts, adjusted for seasonal variation and inflation, increased following two months of decline. By contrast, consumer confidence dropped for the fourth time in five months.

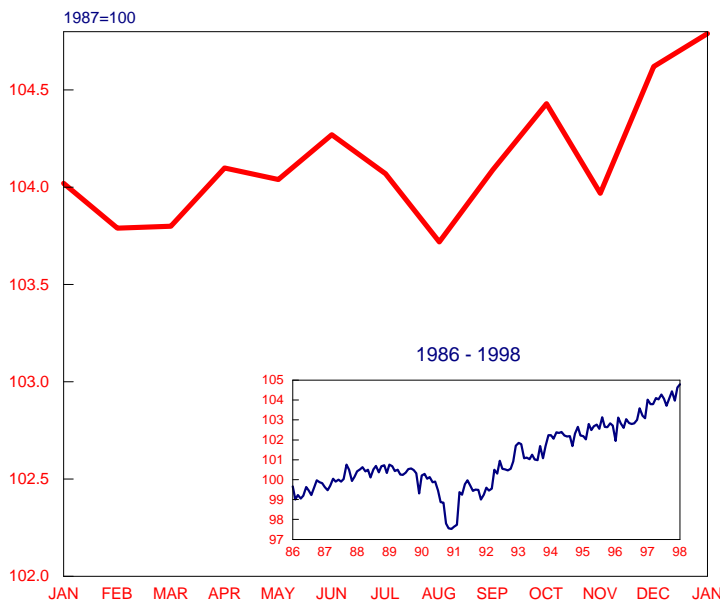


Metropolitan Coincident Index posts modest gains...

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, gained 0.2 points in January, increasing to 105.9. This increase was entirely due to the sharp increase in the nondurable goods retail sales category, which had declined in the previous five months. The other three components of the Index, consumer confidence in the South Atlantic region, domestic passenger volume at National Airport, and wage and salary employment all made negative contributions to the Index in January.

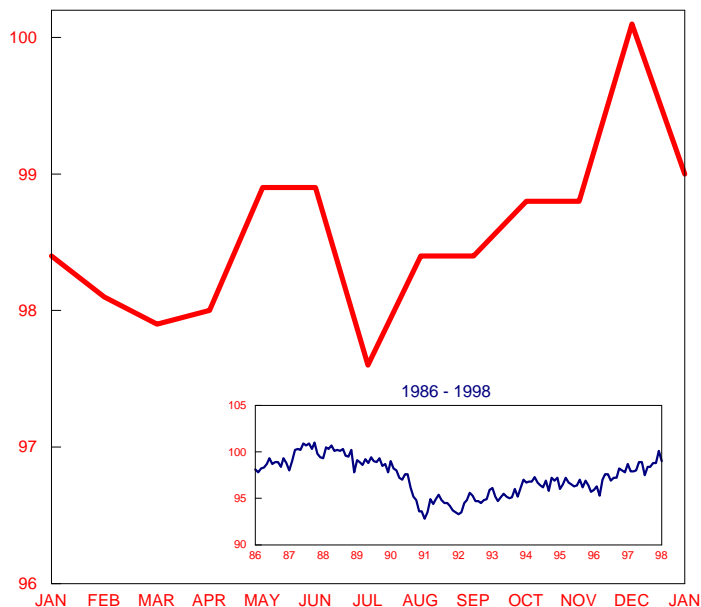


FAIRFAX COUNTY LEADING INDEX



Sources: Dr. Stephen Fuller
Fairfax County Office of Management and Budget

METROPOLITAN LEADING INDEX



Source: Economic Reporter Online
Compiled by the Fairfax County Office of Management and Budget

*Moderation in County's
future economic
performance suggested...*

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, increased 0.17 points to 104.79 in January, following a strong gain in December. The Leading Index has posted an increase in four of the last five months, pointing to continued economic expansion. Despite the increase, however, the Index has exhibited greater volatility as of late. As a result, future economic performance may be uneven. January's increase in the Leading Index was based on strong gains in two of its five components. The mean value of residential building permits increased substantially for a second month and initial claims for unemployment insurance decreased (improved), erasing December's increase. Contributing negatively in January was a decline in new car registrations; a decrease in the number of residential building permits issued and a decline in consumer expectations (consumer confidence six months hence).



*Metropolitan Leading Index
posts a slight decrease...*

In January, the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington metropolitan area 9 to 12 months in advance, posted a decrease of 1.1 points, decreasing to 99.0. In January, three of the Index's five components were negative. The number of residential building permits issued reflected a significant loss, as did durable goods sales, and consumer expectations (consumer confidence six months hence). However, initial claims for unemployment insurance decreased (improved) after declining in December, and the Help Wanted Index remained unchanged from the prior month.



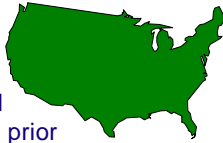
CALENDAR YEAR 1997 IN REVIEW

Economic expansion was experienced on all levels in 1997. Gross Domestic Product registered a notable advance over 1996 and the national unemployment rate was at its lowest level in several years. An acceptable level of inflation was maintained throughout 1997, thereby allowing the Federal Reserve to leave interest rates unchanged. Further, but moderate, growth is anticipated in 1998. The state and local economies also expanded. Employment growth and consumer confidence posted the most notable advances during the year. While further expansion is anticipated for 1998, the County's Leading Index suggests that the pace of growth will moderate. A more detailed discussion of 1997's economic performance follows.

Gross Domestic Product

GDP growth in 1997 accelerated beyond that of 1996...

In 1997, Gross Domestic Product (GDP), a measure of goods and services produced domestically, topped the prior year by 5.9 percent, thereby extending the current expansion into its ninth year, the longest in history. While 1997's growth rate is considered moderate, it is notably higher than the 5.1 percent and 4.6 percent growth experienced in 1996 and 1995, respectively. Adjusted for inflation, GDP increased at the highest rate since 1988. While there is a general consensus that the rates of growth experienced in 1997 cannot be sustained in 1998, most analysts agree that a moderation is more likely than a downturn, as there is no evidence to suggest a recession in the near term. Turmoil in the Asian financial markets and economies, as well as tight domestic labor markets, will be the major constraining factors on the U.S. economy's growth in 1998.



Employment

Strong job growth on national level in 1997 provides further evidence of economy's strength...

Further evidence of the economy's strength in 1997 is provided by the low unemployment levels registered on all levels. On the national level, for example, 2.85 million new jobs were created during 1997, indicating job growth of 2.2 percent. In addition, the national unemployment rate averaged 4.9 percent in 1997, down notably from 1996's 5.4 percent, and the lowest unemployment rate in 24 years.



Even lower unemployment rates registered on State and local levels in 1997...

Similar strengths are apparent on the state and local levels as well. The Commonwealth's unemployment rate averaged 4.0 percent in 1997, down from 4.4 percent in 1996, while an even lower rate of 2.3 percent was registered in Fairfax County during 1997. This is a reduction of 0.4 points from 1996's 2.7 percent.

Tight labor market conditions could restrict future economic growth...

Many economists are now cautioning that tight labor market conditions at all levels, while evidence of a strong economy, may actually limit future economic expansion since the productivity of many companies is now being constrained by the unavailability of labor. This threat is particularly acute in the high tech industry where thousands of job vacancies are being reported. In addition, there is concern that the tight labor market conditions will place

upward pressure on salaries, thereby fueling inflation and necessitating interest rate increases by the Federal Reserve Board.

Consumer Wealth, Income and Spending

Stock market makes significant strides in 1997...

Wealth made impressive strides in 1997



as the stock market posted significant gains in the early part of the year. The New York Stock Exchange Composite, for example, was up 27.7 percent over 1996, while the Dow Jones Industrial Average surpassed 1996 by 29.6 percent. The gains realized in 1997 are in addition to the double-digit advances of 1996 and 1995. Analysts at the Congressional Budget Office (CBO) point to increased wealth, in conjunction with moderately strong growth in employment and income, as an indication that additional increases in consumption spending are likely in 1998, albeit moderate.

Incomes and spending up in 1997...

As personal income expanded in 1997, so too did consumer spending. On the national level, personal income grew 5.8 percent in 1997, slightly higher than the 5.6 percent rate experienced in 1996. As a result, consumer spending, as measured by personal consumption expenditures, topped the prior year by 5.4 percent, moderately ahead of 1996's 5.0 percent advance. By contrast, retail sales on the national level expanded only 4.2 percent in 1997, down one full percentage point from the 5.2 percent growth established in 1996.

Consumers less willing to assume higher levels of debt in 1997...

The increase in consumer spending has not placed undue burden on household finances due to the modest increase, by recent standards, in consumers' assumption of additional debt. Consumer installment credit outstanding, for example, rose only 4.7 percent in 1997. This compares to an increase of 7.8 percent in 1996 and the double-digit growth of 14.0 percent and 14.4 percent in 1995 and 1994, respectively. Analysts at the American Bankers Association attribute this slowdown to consumers unwillingness to assume higher levels of debt. Further evidence of this sentiment is found in the declining credit card delinquency rates which had been on the rise for nearly three years. It is likely, therefore, that the savings realized by consumers who have taken advantage of low interest rates and refinanced their mortgages and the strong economic conditions will result in increases in consumer spending in 1998, but not significantly higher levels of consumer debt.

Consumer spending in Fairfax County significantly outpaces that of the Commonwealth as a whole in 1996...

Taxable retail sales topped 1996 by 6.3 percent in Virginia, indicating an acceleration from the 4.0 percent lead established in 1996. Locally, consumer spending in Fairfax County grew at a substantially quicker pace, topping 1996 by 8.5 percent. This is considerably higher than the meager 2.5 percent advance registered in 1996. The solid growth registered on the State and local level in 1997 is due in part to strong consumer confidence. According to the Conference Board, the South Atlantic Consumer Confidence Index in December 1997 was more than 20 points above that of December 1996. This indicates significant confidence among consumer in the region's economy.

Savings rate declined further in 1997...

The savings rate on the national level declined to 3.8 percent in 1997, despite the slowdown in debt accumulation. In 1996, the savings rate was 4.3 percent. In 1992, the savings rate was as high as 6.2 percent.

Inflation

Inflation held to levels not seen since the 1960s...

Inflation remained moderate throughout 1997, despite some concerns regarding the strength of the economy and higher levels of consumer spending. On the national level, prices increased a slight 2.3 percent, a rate not seen since the 1960s. This compares to a 3.0 percent advance in 1996. Several factors have contributed to low inflation, including the relative strength of the U.S. dollar and the Asian financial crisis. Unstable financial markets in Asia and the sluggish economic growth in many countries have made the U.S. dollar a more desirable currency, thereby bolstering its value. Additionally, lower export prices, particularly from Asia, have resulted in very modest inflation for American consumers, and a mild winter and lower energy consumption in Asia have tempered energy prices.

Federal Reserve Board leaves interest rates alone throughout most of 1997...

Low inflation throughout 1997 enabled the Federal Open Market Committee (FOMC) of the Federal Reserve Board to leave interest rates unchanged throughout much of the year. The most recent adjustment came in March 1997 when short-term interest rates were increased a modest 25 basis points by the FOMC.

Inflation at local level even more moderate in 1997...

Inflation was even more moderate at the local level, as the prices of goods in the Washington Metropolitan area increased only 2.0 percent in 1997. This compares to a 2.8 percent advance in 1996.

Tight labor markets could fuel future price increases...

Analysts at the CBO, among others, cite the tight labor markets as one the most important inflationary pressures to watch in the near term. If employment costs rise faster than worker productivity, there is likely to be upward pressure on prices.

Construction and Real Estate



Issues of residential building permit issues on national level surpass prior year by slim margin in 1997 ...

Despite low interest rates and a favorable economic climate, the number of residential building permits issued nationwide surpassed that of 1996 by a meager 1.2 percent margin. This is notably below the 7.0 percent advance experienced in 1996.

Locally, issues of residential dwelling permits down in 1997, while nonresidential building permit issues up significantly...

On the local level, 15.7 percent fewer residential dwelling permits were issued by Fairfax County relative to 1996. This follows an increase of 12.9 percent in 1996. By contrast, the local construction industry did seem to benefit from the declining availability of commercial office space in the County as issues of nonresidential building permits in 1997 jumped 67.8 percent over the level issued in 1996. This significant increase follows a decline of 10.3 percent in 1996. According to the most recent available data, the County's office vacancy rate declined further to 5.4 percent in mid-1997. This is the lowest office vacancy rate in the County in nearly 15 years.

Low mortgage interest rates spur sales volume increases for existing single family homes and townhomes in 1997...

Another year of low mortgage interest rates, which averaged 7.6 percent in 1997, benefited the local real estate market for existing homes. The sales volume of existing single family homes in 1997 topped that of 1996 by an 8.1 percent margin. Existing townhome sales posted a similar advance relative to 1996, thereby reversing a three year negative trend. By contrast, the number of existing condominiums sold in 1997 fell short of the level established in 1996 by 2.8 percent. One possible reason is that the lower interest rates enabled many homebuyers to qualify for larger mortgages on townhomes and older single family homes.

Modest median price increases registers for existing single family homes and townhomes in 1997...

Moderate increases in the median selling prices of existing single family homes and townhomes were established in 1997. An advance of 2.2 percent was registered for existing single family homes, while the median selling price of existing townhomes topped that of 1996 by 1.7 percent. These increases are in addition to the 3.7 percent and 0.7 percent advances established in 1996 for existing single family homes and townhomes, respectively. By contrast, a slight decline of 0.8 percent was posted in the median selling price of existing condominiums sold in 1997. This small decline follows a modest advance of 2.0 percent in 1996.

Volume of new home sales in Fairfax County down again in 1997...

Sales of new single family homes and townhomes in the County fell for a third consecutive year in 1997, in terms of volume. For example, the number of new townhomes sold in 1997 was 18.4 percent below 1996's level. 1997's decline follows drops of 8.3 percent in 1996 and 29.0 percent in 1995. The volume of new single family homes sold declined a more moderate 5.3 percent relative to 1996. It must be kept in mind, however, that sales of new single family homes were down 7.6 percent in 1996 and 28.7 percent in 1994. Sales of new

condominiums were also down in 1997, dropping 11.6 percent. This decline, however, follows an increase of 21.8 percent in 1996.

Locally, new homes sold at higher prices in 1997...

Despite the volume declines in new home sales, increases in the median selling prices were realized in 1997.

The median selling price of new single family homes in the County, for example, increased 6.1 percent. Smaller advances of 1.7 percent and 1.4 percent were registered for new townhomes and condominiums, respectively.

Economic Indices

Metropolitan and Fairfax County Coincident Indices end 1997 on positive notes...

Further evidence of the local economy's strength in 1997 is provided by both the Metropolitan and the Fairfax County Coincident Indices. A positive trend dominated the Fairfax County Coincident Index, for example, throughout 1997 causing the December 1997 level to top that of December 1996 by 0.5 points. An increase of 0.9 points was registered for the Metropolitan Coincident Index.



Both the Metropolitan and the Fairfax County Leading Indices suggest moderate growth in the near term...

While both the Metropolitan and the Fairfax County Leading Indices gained ground in 1997, volatility was exhibited by both during 1997. Dr. Stephen Fuller, the County's economic advisor, points to this volatility as a signal of more moderate economic growth in the region and in the County in 1998.

SUMMARY OF COUNTY, STATE AND NATIONAL ECONOMIC INDICATORS CALENDAR YEARS 1994 - 1997

	1994	1995	1996	1997
Gross Domestic Product (current dollars)	5.9%	4.6%	5.1%	5.9%
Employment - U.S.				
○ Job Growth (millions)	2.80	1.84	1.81	2.85
○ Job Growth Rate	2.3%	1.5%	1.4%	2.2%
○ Unemployment Rate	6.1%	5.6%	5.4%	4.9%
Unemployment Rate - Virginia	4.9%	4.5%	4.4%	4.0%
Unemployment Rate - Fairfax County	3.1%	2.8%	2.7%	2.3%
Common Stock Indices				
○ New York Stock Exchange Composite	254	291	358	457
● Growth Rate	1.8%	14.6%	23.0%	27.5%
○ Dow Jones Industrial Average	3,794	4,494	5,743	7,441
● Growth Rate	7.7%	18.5%	27.8%	29.6%
Consumer Income and Income Growth				
○ Personal Income - U.S.	4.9%	6.2%	5.6%	5.8%
○ Personal Consumption Expenditures - U.S.	5.8%	5.1%	5.0%	5.4%
○ Retail Sales - U.S.	7.5%	4.3%	5.2%	4.2%
○ Consumer Installment Credit - U.S.	14.4%	14.0%	7.8%	4.7%
○ Taxable Retail Sales - Virginia	8.0%	4.8%	4.0%	6.3%
○ Taxable Retail Sales - Fairfax County	11.7%	4.7%	2.5%	8.5%
○ Consumer Confidence Index - South Atlantic (December)	104.5	104.6	121.3	142.1
Saving Rate - U.S.	4.2%	4.8%	4.3%	3.8%

**SUMMARY OF COUNTY, STATE AND NATIONAL ECONOMIC INDICATORS
CALENDAR YEARS 1994 - 1997**

	1994	1995	1996	1997
Inflation				
Consumer Price Index -Urban Consumers - U.S.	2.6%	2.8%	3.0%	2.3%
Consumer Price Index -Urban Consumers - Washington MSA	1.9%	2.0%	2.8%	2.0%
Building Permits				
○ Residential Permit Issues - U.S.	NA	-2.9%	7.0%	1.2%
○ Residential Dwelling Permit Issues - Fairfax County	6.3%	-0.4%	12.9%	-15.7%
○ Nonresidential Permit Issues - Fairfax County	-9.1%	7.4%	-10.3%	67.8%
Office Vacancy Rate - Fairfax County	9.9%	8.5%	6.2%	5.4% (June)
Mortgage Interest Rates - 30-Year Fixed	8.35%	7.95%	7.80%	7.60%
Volume of Existing Home Sales - Fairfax County, Growth				
○ Single Family	-2.4%	-14.4%	5.4%	8.1%
○ Townhomes	-2.5%	-16.2%	-6.2%	8.8%
○ Condominiums	-1.3%	-18.3%	-4.8%	-2.8%
Median Selling Prices of Existing Homes - Fairfax County, Growth				
○ Single Family	1.8%	-1.1%	3.7%	2.2%
○ Townhomes	0.0%	0.0%	0.7%	1.7%
○ Condominiums	-1.8%	-5.1%	2.0%	-0.8%
Volume of New Home Sales - Fairfax County, Growth				
○ Single Family	16.0%	-28.7%	-7.6%	-5.3%
○ Townhomes	15.2%	-29.0%	-8.3%	-18.4%
○ Condominiums	28.7%	-7.6%	21.8%	-11.6%
Median Selling Prices of New Homes - Fairfax County, Growth				
○ Single Family	6.4%	7.2%	3.3%	6.1%
○ Townhomes	1.4%	-0.2%	1.3%	1.7%
○ Condominiums	2.8%	4.0%	8.2%	1.4%
Coincident Indices (December)				
○ Washington Metropolitan Area	103.6	103.4	104.8	105.7
○ Fairfax County	102.1	102.4	102.8	103.3
Leading Indices (December)				
○ Washington Metropolitan Area	97.2	95.7	97.8	100.1
○ Fairfax County	102.2	102.7	103.1	104.6

Inquiries should be directed to:

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